



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

20 SEP 2001



SAAL-PI

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Government Purchase Card Internal Controls

As my memorandum of August 3, 2001, Subject: Management Controls – Army Purchase Card Program stated, an on-going General Accounting Office (GAO) audit identified a lack of adherence by field activities to established purchase card internal controls. In addition to the steps I asked you to take to tighten internal controls, the attached Director of Defense Procurement Memorandum of August 13, 2001, subject as above, outlines several additional areas you may need to address.

The Army's decentralized and streamlined purchase process generally precludes having a different person buying and receiving the item; however, activities must ensure that an effective inventory management system is in place. I fully endorse Ms Lee's other recommendations and request you include them in your management control program checklist. I also encourage you to perform frequent spot checks of the internal controls, including using the Army oversight activities assigned to your organizations.

Additionally, all Army oversight activities (i.e., Inspector General, Internal Review, Audit and Compliance, Procurement Management Assistance Programs, Army Audit Agency) are asked to review Government Purchase Card management controls to ensure that these controls identified in the enclosed Director, Defense Procurement memorandum are implemented during their review.

The point of contact for this action is Dorothy Hindman, commercial (703) 681-3417, DSN 761-3417, email: Dorothy.hindman@saalt.army.mil.

Edward G. Elgart
Acting Deputy Assistant Secretary of the Army
(Procurement)

Enclosure



DISTRIBUTION:

HEADS OF CONTRACTING ACTIVITY

Administrative Assistant to the Secretary of the Army, 105 Army Pentagon,
Washington, DC 20310-0105

Assistant Deputy Chief of Staff for Research, Development and Acquisition,
Acquisition, Contracting, and Program Management, HQ, U.S. Army
Materiel Command, ATTN: AMCRDA-A, 5001 Eisenhower Avenue,
Alexandria, VA 22333-0001

Commander, U.S. Army Aviation and Missile Command, ATTN:
AMSAM-CG, Redstone Arsenal, AL 35898-5280

Commander, U.S. Army Communications-Electronics Command,
ATTN: AMSEL-CG, Fort Monmouth, NJ 07703-5000

Commander, U.S. Army Operations Support Command, ATTN:
AMSOS-CG, Rock Island, IL 61299-6000

Commander, U.S. Army Tank-automotive and Armaments Command,
ATTN: AMSTA-CG, Warren, MI 48397-5000

Commanding General, Forces Command, ATTN: AFCG, Fort
McPherson, GA 30330-6000

Deputy Commanding General, Third United States Army/ARCENT,
1881 Hardee Avenue S.W., Fort McPherson, GA 30330-1064

Deputy Chief of Staff for Force Sustainment, U.S. Army Medical
Command, ATTN: DASG-ZD, 2050 Worth Road, Suite 3, Room 229,
Fort Sam Houston, TX 78234-6003

Commander, U.S. Army Intelligence & Security Command, ATTN: IACG,
Fort Belvoir, VA 22060-5246

Commander, U.S. Army Medical Research and Materiel Command,
ATTN: MCMR-ZA, 504 Scott Street, Fort Detrick, MD 21702-5012

Commander, U.S. Army Military District of Washington, Fort Lesley J.
McNair, ATTN: ANCG, Washington, DC 20319-5058

Commander, Military Traffic Management Command, ATTN: MTCG,
Hoffman Building II, 200 Stovall Street, Alexandria, VA 22332-5000

Deputy Commander, U.S. Army Space & Missile Defense Command,
ATTN: SMDC-ZB, P.O. Box 1500, Huntsville, AL 35807-3801

Commander, U.S. Army Training and Doctrine Command, ATTN: ATCG,
7 Fenwick Road, Bldg 37, Fort Monroe, VA 23651-1049

Deputy Commanding General, HQ U.S. Army, Europe and Seventh Army,
ATTN: AEAPR, APO AE 09014

Commanding General, Eighth United States Army, ATTN: EACC,
Unit 15236, APO AP 96205-0009

Commander, U.S. Army, Pacific, ATTN: APCG, Fort Shafter, HI
96858-5100

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HEADS OF CONTRACTING ACTIVITY

Commander, U.S. Army South, ATTN: SOCG, Fort Buchanan, PR 00934

Commanding General, U.S. Army Corps of Engineers, ATTN: CECG,
441 G Street, N.W., Washington, DC 20314-1000

Chief, National Guard Bureau, Department of the Army and Air Force,
ATTN: NGB-CC, Washington, DC 22202-3231

The Department of the Army Inspector General, 1700 Army Pentagon,
Washington, DC 20310-1700

U.S. Army Audit Agency, 3101 Park Center Drive, Alexandria, VA 22302-1596

Management Services and Internal Review, 3E572, Pentagon, Washington,
DC 20310

CF:

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ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301 3000

AUGUST 13, 2001

DP(EB)

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA(AIT)
EXECUTIVE DIRECTOR, ACQUISITION AND BUSINESS
MANAGEMENT, ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
GOVERNMENT PURCHASE CARD JOINT PROGRAM
OFFICE

SUBJECT: Government Purchase Card Internal Controls

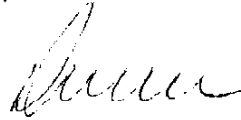
A recent Congressional hearing highlighted the need to ensure proper oversight of DoD's purchase card program at all levels, but especially at the post/camp/station level. Request your assistance in ensuring that the purchase card program under your control observes the following controls:

- Billing officials/approving official must review each cardholder's billing statement every month to verify the card holder was authorized to buy the items on it, the items have been received by the Government, and all pilferable items and other qualifying items have been properly recorded on government property records.
- Only those personnel with a continuing need to purchase goods or services as part of their job should be cardholders.
- Not every cardholder needs to have the maximum transaction or monthly limit. Supervisors should set reasonable limits, based on what the person needs to buy as part of his/her job.
- Ideally, the billing or approving official should be the cardholder's direct supervisor. Each billing official should have a reasonable span of control over cardholders so the official can completely review the monthly billing statements within 5 days after receipt. The DoD average is 4 cardholders per billing official.
- The same person should not buy and receive the item.
- Finally-- make sure you obtain any earned rebate!



I encourage you to perform frequent spot checks of the internal controls, including using the audit activities and inspector's general assigned to your organizations.

Thank you for your assistance and cooperation in creating a reliable government purchase card program. My action officer for purchase card issues is Melissa Rider, mclissa.rider@osd.mil or (703) 695-1098.

A handwritten signature in black ink, appearing to read "Deidre A. Lee".

Deidre A. Lee
Director, Defense Procurement